

Institute of Chinese Studies

WEDNESDAY SEMINAR

*Role of Critical
Supply Chains in U.S.-
China Relations and
Implications for
India*

EXECUTIVE SUMMARY

Speaker:
Lauren Piper

14 January 2026

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Speaker: Ms. Lauren Piper, Senior Analyst, Rhodium Group, Washington; and, Motwani Judeja Fellow, O.P. Jindal Global University, Sonipat.

Chair: Mr. Santosh Pai, Partner, Dentons Link Legal; and, Treasurer and Honorary Fellow, Institute of Chinese Studies, New Delhi.

Venue: Zoom Webinar

- The seminar focused on the role of critical supply chains in US–China relations and examined their broader implications for India. Ms Lauren Piper highlighted how trade policy, tariffs, and supply chain de-risking have become central to economic and security strategies amid intensifying US–China competition.
- Ms. Piper outlined the background of the US–China trade war, noting that initial US tariffs led to strong Chinese retaliation, particularly through restrictions on rare earth exports. Despite temporary agreements to de-escalate, repeated tariff impositions by both sides have resulted in cyclical escalation rather than durable resolution.
- A key focus of the seminar was the attempt by the United States to reduce dependence on China by diversifying supply chains. According to the speaker, the US has pursued multilateral arrangements, invested domestically in critical minerals, and tightened rules of origin to prevent indirect Chinese participation through third-party countries.
- China's responses, including restricting third-party trade and leveraging its dominance in rare earths, demonstrate its continued structural power within global supply chains. These measures have complicated US efforts to bypass Chinese supply networks.
- Ms. Piper noted that while the US is attempting to enhance domestic manufacturing competitiveness, high labour costs and inflation have limited the effectiveness of reshoring. As a result, regional integration with Mexico, Canada, and other Western Hemisphere partners has gained importance, alongside deeper engagement with South and Southeast Asian allies.

- Turning to India, the speaker argued that attracting “China+1” investments is difficult due to China’s comprehensive manufacturing ecosystem, which mitigates rising labour costs. Although India has improved its investment environment over the past decade, greater emphasis on component manufacturing is necessary to reduce dependence on Chinese imports.
- The Chair, Mr. Santosh Pai, raised questions regarding the possibility of a US–China grand bargain, the US-centric definition of critical supply chains, and the role of financial assistance versus tariffs. Ms. Piper responded that structural issues continue to hinder the prospects of a grand bargain, that definitions of critical supply chains vary across countries and are currently largely shaped by the United States, and that although subsidies and assistance for local production exist, tariffs remain the primary US policy tool due to their speed and ease of negotiation.

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